

Chair White Testifies on Rulemaking Status and Gives Possible Timetable on Pay Ratio and Other Rules

July 31, 2013 | Client Update | 3-minute read

SEC Chair White testified yesterday before the Senate Banking Committee in a hearing that C-Span dubbed “Financial Market Collapse Prevention, Part 1.” Her written [testimony](#) lacks the drama promised in that title, consisting instead of a summary of proposed, adopted and upcoming regulation required under Dodd-Frank aimed at mitigating systematic risk.

During questioning, however, Chair White provided some specific information regarding the timetable for the particular rulemaking important to individual senators on the Committee, with the caveat that the anticipated timing may be affected by the two new Commissioners coming on board. Specifically, under repeated interrogation from Senator Menendez, the author of the Dodd-Frank pay ratio disclosure rule, Chair White indicated that she hopes this rule is “completed in the next month or two,” after initially declining to give details. Senator Menendez reiterated the importance of putting the rule on the fast track, noting that “I’ve been waiting for several years now.”

As for other rules, Regulation A (or Regulation A+) under the JOBS Act is expected in the fall. The Staff wants to ensure that it’s workable and will be used. Chair White hopes that the Volcker rule will be completed by year end. Another “front burner” item, the crowdfunding rules, is also on the fall agenda with the SEC trying to work with FINRA on its part of the rulemaking at the same time. Consistent with past statements, Chair White indicated that her “highest immediate priority” is to complete Congressionally mandated rulemaking and the Commission is continuing to “push extremely hard,” with rules expected in “summer, fall and [remainder of] this year.” During her testimony, Chair White stated that the SEC has proposed or adopted 80% of the 90 or so rulemaking required under Dodd-Frank.

In addition, Chair White responded to concerns regarding banks owning physical commodities while trading in related commodities. Once the subject matter came to her attention, she asked the Staff to examine it and there is a “range of possible disclosure issues that could be involved as well.” Senator Warren inquired about Chair White’s recent statements regarding the SEC’s settlement policies, to which Chair White noted that one of the specific requests in the SEC’s budget is for additional trial attorneys who are essential to the strategy of pursuing cases. Senator Warren also mentioned the initiative by the Council of Institutional Investors asking the listing exchanges to prohibit the listing of companies that do not follow “one share one vote,” including a letter she wrote to the exchanges in support of the request, to which she has not received an “encouraging reply.” Chair White answered that the voting rights structure is dictated by state law and the exchanges, not the SEC, since the D.C. Court of Appeals overturned the SEC’s attempt to regulate this area (*Business Roundtable v. SEC* in 1990).

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Ning Chiu

+1 212 450 4908

ning.chiu@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.